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Palouse River and Coulee City Rail System



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The Palouse River and Coulee City Rail System (PCC Rail System) is the state's longest short-line freight rail system. Spanning four counties in eastern Washington, the PCC Rail System provides service to grain cooperatives and other shippers as well as manufacturers and farmers. Wheat, barley, peas, lentils, fertilizer, and lumber are among the products transported on the lines.

What is the PCC Rail System?

The PCC Rail System is a 300-mile short-line freight rail system in eastern Washington. The PCC is the second largest rail system in the state, and consists of three separate branches located in Spokane, Lincoln, Grant, and Whitman Counties.

The three branches that comprise the PCC system are:

- **PV Hooper** Branch that runs from Thornton to Winona, and from Hooper through Winona to Colfax*.
- **CW** Branch that runs from Coulee City to Cheney.
- **P&L** Branch that runs from Marshall through Pullman to the Idaho border near Moscow, and from Palouse directly east to the Idaho border where it meets a line owned by Watco Companies.

** The portion of the PV Hooper Branch that ran from Colfax to Pullman was severed by a fire that destroyed a trestle near Colfax in August 2006. That segment is now used by the operator of the P&L Branch for storage.*



Why did WSDOT purchase these lines?

The Union Pacific Railroad (UP) and the BNSF Railway Company (BNSF) sold the lines to Watco Companies, Inc. (Watco), after deferring maintenance for many years because of economic viability issues. Watco found that shipping was insufficient to provide for the very large cost of reversing the years of deferred maintenance. Watco finally indicated its intent to abandon the lines.

Growers in eastern Washington asked that the state intervene to keep all of the lines operational to provide competitive shipping alternatives. The grain cooperatives expressed concern that truck-to-barge rates and truck to Ritzville rates would increase if the lines were not available to ship their product.

WSDOT indicated the lines may be of future importance for emerging industries such as biodiesel. If the lines were to leave state control, it would be challenging to protect them from abandonment. If abandoned, the right of way would be difficult and very costly to re-acquire. The closure of the lines would mean that traffic would be diverted to surface streets, with the potential for seasonal road closures, congestion, and increased maintenance costs.

In 2007 WSDOT completed the purchase of this rail line to save it from abandonment.



What is WSDOT's current role in operating these lines?

WSDOT oversees the operators' compliance with regulatory requirements and activities associated with the physical plant of the railroads. It works closely with the PCC Rail Authority, which was formed by Grant, Lincoln, Spokane, and Whitman Counties to oversee the business and economic development aspects of the operating leases. WSDOT is also administering an \$8.6 million grant to the PCC Rail Authority for rehabilitating the lines in areas that will help allow them to continue operation until 2014.

PCC Rail System Purchase	
Purchase of the PV Hooper and P&L Branches in 2004	\$5.8 M
Purchase of the entire CW Branch and additional property, and the operating rights in the other two branches in 2007.	\$9.7 M
Fund provided in the 2007-09 biennium for immediate rehabilitation	\$3.6 M
Provided in the 2007-09 biennial budget; the funds were granted to the PCC Rail Authority to further rehabilitate the lines.	\$8.6 M
Total	\$27.7 M

How Do the Lines Operate?

PV Hooper

As part of the purchase agreement, Watco (under the name of PCC Railroad) continues to operate the PV Hooper Branch under a lease signed with the state in November 2004 and modified in 2007.

- The majority of cars transported on this branch are collected at Thornton, Sunset, St. John, and Willada on the PV Sub-Branch, and taken to Winona where the PV Sub-Branch joins the Hooper Sub-Branch. The cars are connected to cars brought from Mockonema, Thera, and Endicott on the Upper Hooper, and then transported to Hooper Junction, where the branch joins the UP main line. PCC Railroad has operating rights on the UP main line, and takes the trains to Wallula where the grain is placed into silos and then on barges for further transport to Washington ports.
- McGregor Company, largest independent fertilizer company in the Pacific Northwest, receives fertilizer shipments at LaCrosse, and at its major receiving and manufacturing center in Mockonema. This company is truly rail dependent, and would have to relocate if rail service terminated.

P&L

Washington and Idaho Railway Inc., located in Marshall, Washington, operates the P&L Branch under an operating lease executed in June 2007.

- The railroad collects grain at Fallon near Pullman occasionally, but some of that wheat goes by truck to barges on the Snake River.
- Some grain, especially barley, is transported from Palouse.
- McGregor Company receives fertilizer shipments at Oakesdale and at a facility near Moscow on the Idaho border.
- The primary wheat shipments occur from Oakesdale, Plaza, and Spangle.

The trestle just east of Colfax that was destroyed by fire in August 2006 severed the PV Hooper Branch from the P&L Branch. In 2008, WSDOT studied the costs of reconnecting the lines at the burned bridge and also by rebuilding the connection between Thornton and Oakesdale. It would cost \$9.4 million to reconnect the line between Colfax and Pullman, and \$7.3

million to reconnect it between Thornton and Oakesdale (not including right of way acquisition). A 2009 study revealed that business and economic development benefits of reconnecting the branches were much lower than the costs. New information reveals a possible private investment in constructing the connection could make the project feasible if policy reasons support it.

CW Branch

Eastern Washington Gateway Railroad (EWG) located in Davenport, Washington, operates the CW Branch under a state operating lease agreement executed in June 2007.

- Grain is almost the only commodity shipped on this line. However, inbound steel does travel from Cheney to a plant

on the Geiger Spur that is also operated by the Eastern Washington Gateway Railroad for Spokane County.

- Many of the stations along the line are close enough to the Ritzville unit grain loader on the CW Branch is not cost effective. As a result, most of the shipping comes from the far end of the line from locations such as Coulee City, Hartline, and Almira.
- In order to overcome the economic barriers to shipping from places such as Davenport and Reardan, EWG and BNSF cooperated in establishing a train shuttle to the Ritzville loader, and a unit arrangement to the Washington ports. This shipping season will determine whether these efforts will attract additional customers and prove effective.

